

Message Text

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PAGE 01 TOKYO 15372 250719Z

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ACTION SS-15

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FM AMEMBASSY TOKYO

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SUBJECT: TRADE CENTER CLOSING

FOR DEPUTY SECRETARY INGERSOLL FROM AMBASSADOR

REF: STATE 257415

1. I AM DISTURBED THAT ANYONE SHOULD SERIOUSLY CONSIDER CLOSING DOWN (AS INDICATED IN REFTTEL) AN OPERATION WHICH HAS SERVED AN IMPORTANT NATIONAL INTEREST SO WELL AS THE TOKYO TRADE CENTER. I DO NOT KNOW THE VALUE OF TRADE CENTERS ELSEWHERE, BUT IN JAPAN I REGARD SUCH A FUNCION AS ESSENTIAL TO OUR ENTIRE ECONOMIC/COMMERCIAL PROGRAM NOT ONLY FOR THE CLEAR DEMONSTRATION IT PROVIDES OF THE IMPORTANCE WE ATTACH TO HAVING EXPANDED ACCESS TO THE JAPANESE MARKET BUT FOR THE IMPORTANT CONTRIBUTION IT CAN CONTINUE TO MAKE TO HOLDING THE U.S. -JAPAN TRADE DEFICIT TO MANAGEABLE PROPORTIONS. THE OVERALL IMPACT OF THE TOKYO TRADE CENTER HAS BEEN AMPLIFIED BY THE SUPPORT IT HAS BEEN ABLE TO GIVE THE AMDO OPERATION IN OSAKA AND THE PROMISING "MINI-AMDO" EXPERIMENT IN FUKUOKA, A NETWORK I WOULD LIKE TO SEE EXTENDED TO OUR OTHER CONSTITUENT POSTS. I DO HOPE YOU CAN GIVE THIS MATTER YOUR PERSONAL ATTENTION TO FORESTALL WHAT I AM FIRMLY CONVINCED WOULD BE A SERIOUS MISTAKE IF THE TOKYO TRADE CENTER ACTUALLY WERE CLOSED.

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PAGE 02 TOKYO 15372 250719Z

2. U.S. COMPETITIVENESS IN JAPANESE MARKET AS RESULT OF

DOLLAR DEVALUATIONS AND HIGHER JAPANESE INFLATION RATE HAVE RECENTLY WORKED TO RELATIVE ADVANTAGE OF US EXPORTERS, BUT WITH FLOATING EXCHANGE RATES EXPECTED TO PREVAIL FOR CONSIDERABLE PERIOD OF TIME, PERHAPS YEARS, PLUS IMPACT OF INFLATION ON US EXPORT PRICES, WE WILL INCREASINGLY HAVE TO RELY ON TRADITIONAL EXPORT PROMOTION TOOLS TO HELP KEEP US-JAPAN IMBALANCE WITHIN TOLERABLE LIMITS. US BILATERAL TRADE DEFICIT IN 1974 WILL AT LEAST EQUAL AND PROBABLY EXCEED THAT OF 1973. MAJOR CUTS IN THE US GOVERNMENT TRADE PROMOTION EFFORT WILL CERTAINLY MAKE IT MORE DIFFICULT TO MAINTAIN AN ACCEPTABLE BALANCE IN YEARS AHEAD.

3. IN 1971 - 72 WHEN US COMPLAINED ABOUT HUGH TRADE IMBALANCE, JAPANESE BUSINESSMEN, CRITICIZED US FOR NOT TRYING HARDER TO SELL JAPANESE MARKET. MORE PROFESSIONAL MANAGEMENT OF TRADE CENTER WAS A MAJOR PART OF USG REPSONSE. IT IS TOO EARLY TO THROW AWAY THIS INVESTMENT.

4. VIRTUALLY EVERY GOVERNMENT OF ANY IMPORTANCE AND MANY LESSER COUNTRIES HAVE PERMANENT TRADE PROMOTION FACILITIES IN TOKYO. ONLY FIFTEEN MONTHS AGO BRITISH OPENED NEW EXPORT MARKETING CENTER IN TOKYO WITH ITS OPERATIONS PATTERNED ALMOST EXACTLY AFTER THOSE OF THE US TRADE CENTER. I BELIEVE FOREIGN GOVERNEMTNS REALIZE THAT PENETRATION JAPANESE MARKET REQUIRES SUCH A FACILITY OVER AND ABOVE NORMAL NON-GOVERNMENT BUSINESS PROMOTION. I KNOW THAT BRITISH CONSIDER THEIR MARKETING CENTER HIGHLY SUCCESSFUL AND WELL WORTH THE MONEY AND EFFORT.

5. LOSS OF US TRADE CENTER AS A PLACE FOR AMERICAN COMPANIES TO INTRODUCE PROJECTS INTO JAPAN AND FOR FIRMS ESTABLISHED HERE TO LAUNCH NEW SALES CAMPAIGN, THEREBY REALIZING GREATER MARKET SHARE, WOULD BE KEENLY FELT BY AMERICAN MANUFACTURERS OF ALL KINDS. I AM SURE AMERICAN CHAMBER OF COMMERCE IN JAPAN WOULD BE HIGHLY CRITICAL OF DECISION TO CLOSE TRADE CENTER. AT OCTOBER APCAC (ASIAN-PACIFIC COUNCIL OF AMERICAN CHAMBER OF COMMERCE) MEEING IN OKINAWA WHICH I LIMITED OFFICIAL USE

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PAGE 03 TOKYO 15372 250719Z

ATTENDEC, COUNCIL TOOK STRONG POSITION RE REPORTED OMB PROPOSALS TO SEVERELY CURTAIL EXPORT TTRADE PROMOTION ACTIVITIES ENGAGED IN BY DEPARTMENTS OF STATE AND COMMERCE AND SET MESSAGES TO THIS EFACT TO DIRECTOR OMB, SECRETARY KISSINGER AND SELECTED CONGRESSMEN.

6. WHILE I WOULD NOT RULE OUT POSSIBILITY OF SOME

GREATER RECOVERIES OF EXPENDITURE FOR USE OF TRADE
CENTER FACILITIES BY NON NEW-TO-MARKET FIRMS, AND
PERHAPS EVEN SOME BY NEW-TO-MARKET FIRMS, I FEEL
THAT CLOSING OF THE TOKYO TRADE CENTER WOULD BE
SHORTSIGHTED AND DETRIMENTAL TO OUR EFFORTS TO
ACHIEVE BETTER BALANCE OF TRADE WITH OUR GREATEST
OVERSEAS TRADING PARTNER AND MOST IMPORTANT POLITICAL
ALLY IN ASIA.
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